



HANSARD

First Session - Thirty-Seventh Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Economic Development

Chairperson
Mr. Gerard Jennissen
Constituency of Flin Flon



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy	St. Vital	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
ASPER, Linda	Riel	N.D.P.
BARRETT, Becky, Hon.	Inkster	N.D.P.
CALDWELL, Drew, Hon.	Brandon East	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CUMMINGS, Glen	Ste. Rose	P.C.
DACQUAY, Louise	Seine River	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
FILMON, Gary	Tuxedo	P.C.
FRIESEN, Jean, Hon.	Wolseley	N.D.P.
GERRARD, Jon, Hon.	River Heights	Lib.
GILLESHAMMER, Harold	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MIHYCHUK, MaryAnn, Hon.	Minto	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
PENNER, Jack	Emerson	P.C.
PENNER, Jim	Steinbach	P.C.
PITURA, Frank	Morris	P.C.
PRAZNIK, Darren	Lac du Bonnet	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim	Assiniboia	N.D.P.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Joy	Fort Garry	P.C.
SMITH, Scott	Brandon West	N.D.P.
STEFANSON, Eric	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin-Roblin	N.D.P.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

Wednesday, February 23, 2000

TIME – 1:30 p.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mr. Gerard Jennissen
(Flin Flon)**

**VICE-CHAIRPERSON – Mr. Scott Smith
(Brandon West)**

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon Mrs. McGifford, Hon. Ms. Mihychuk,
Hon. Mr. Robinson

Messrs. Dewar, Jennissen, Loewen,
Mrs. Mitchelson, Messrs. Schuler, Smith

Substitutions:

Hon. Mr. Lathlin for Hon. Mr. Lemieux
Mr. Reimer for Mr. Derkach

APPEARING:

Mr. Ed Helwer, MLA for Gimli
Mr. Marcel Laurendeau, MLA for
St. Norbert
Mr. Bob Sparrow, Chief Executive Officer,
Venture Manitoba Tours Ltd.
Mr. Jim Baker, Director of Finance,
Venture Manitoba Tours Ltd.

MATTERS UNDER DISCUSSION:

Financial Statements of Venture Manitoba
Tours Ltd. for March 31, 1997 and 1996,
March 31, 1998 and 1997, and March 31,
1999.

Annual Reports of the Manitoba Lotteries
Corporation for the years ended March 31,
1996, March 31, 1997, March 31, 1998,
and March 31, 1999.

Annual Reports of the Communities
Economic Development Fund for the years
ended March 31, 1998 and March 31, 1999.

Annual Reports of the Manitoba
Development Corporation for the years
ended March 31, 1998 and March 31, 1999.

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Clerk Assistant (Ms. JoAnn McKerlie-Korol):
Good afternoon. Will the Standing Committee
on Economic Development please come to
order. The first item of business is the election
of a Chairperson. Are there any nominations?

Mr. Gregory Dewar (Selkirk): I nominate Mr.
Jennissen.

Clerk Assistant: Mr. Jennissen has been
nominated. Are there any further nominations?
Seeing none, Mr. Jennissen, would you please
take the Chair.

Mr. Chairperson: Thank you very much. The
first item before us is to elect a Vice-Chairman,
and I am now open for any nominations. Are
there any nominations for the position of Vice-
Chairman?

Mr. Dewar: I nominate Mr. Smith, Brandon
West.

Mr. Chairperson: Mr. Smith has been
nominated. Are there any further nominations?
Seeing none, Mr. Smith then is elected as Vice-
Chair.

Committee Substitutions

Mr. Chairperson: Before the committee
proceeds with the consideration of the annual
reports before it, there are a number of
committee resignations to deal with. I have
before me the resignation of the Honourable Ms.
Friesen effective immediately. Are there any

nominations to replace the Honourable Ms. Friesen?

Mr. Dewar: I nominate Ms. McGifford.

Mr. Chairperson: Ms. McGifford has been nominated. Is it the will of the committee that Ms. McGifford replace the Honourable Ms. Friesen. [agreed]

I have before me the resignation of the Honourable Mr. Lemieux effective immediately. Are there any nominations to replace the Honourable Mr. Lemieux?

Mr. Dewar: I nominate Mr. Lathlin.

Mr. Chairperson: The Honourable Mr. Lathlin has been nominated. Agreed? [agreed]

I have before me the resignation of Mrs. Dacquay effective immediately today, February 23. Are there any nominations to replace Mrs. Dacquay?

Mr. Ron Schuler (Springfield): Bonnie Mitchelson.

Mr. Chairperson: Mr. Schuler has nominated Mrs. Bonnie Mitchelson to replace Mrs. Dacquay. Agreed? [agreed]

As well, I have before me the resignation of Mr. Derkach effective immediately. Are there any nominations to replace Mr. Derkach?

Mr. Schuler: Mr. Jack Reimer.

Mr. Chairperson: Mr. Schuler has nominated Mr. Jack Reimer. Agreed? [agreed]

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Mr. Chairperson: This afternoon the Standing Committee on Economic Development has several reports before it. The reports are as follow: the Annual Reports of the Manitoba Lotteries Corporation for the years ended March 31, 1996, March 31, 1997, March 31, 1998, and March 31, 1999; Annual Reports of the Communities Economic Development Fund for the years ended March 31, 1998, and March 31, 1999; Financial Statements of Venture Manitoba Tours Ltd. for March 31, 1997 and 1996, March

31, 1998 and 1997, and March 31, 1999; and the Annual Reports of the Manitoba Development Corporation for the years ended March 31, 1998, and March 31, 1999.

Now how does the committee wish to proceed this afternoon with regard to the consideration of these reports? Does the committee wish to proceed with all the reports of each separate corporation? What is the will of the committee?

Mr. Dewar: Mr. Chairman, I propose that we alter the order of the review of the annual reports. I propose that we begin this afternoon with Venture Manitoba Tours Ltd. and then the order as outlined in the notice: following then the Lotteries Corporation, the Communities Economic Development Fund and the Manitoba Development Corporation.

Mr. Chairperson: Is it the will of the committee that we proceed as outlined by Mr. Dewar? [agreed]

One further issue. Do we proceed with all of the reports grouped together or separately, individually? What is the will of the committee?

An Honourable Member: Individually.

Mr. Chairperson: Do we deal with the reports individually?

Some Honourable Members: Yes.

Mr. Chairperson: Okay. One other issue, ladies and gentlemen: does the committee wish to indicate how long it wishes to sit this afternoon? [interjection] One recommendation was 15 minutes, and I have a temptation to agree with that, but I am sure that was not a totally serious suggestion.

Mr. Dewar: I suggest until four o'clock.

Mr. Chairperson: The committee sit until four o'clock.

An Honourable Member: Or earlier.

Mr. Chairperson: Or earlier. Okay, no later than four o'clock, earlier if it is completed. Is that the will of the committee? [agreed]

Venture Manitoba Tours Ltd.

Mr. Chairperson: We are then considering the Financial Statements of Venture Manitoba Tours Ltd. for March 31, 1997 and 1996; March 31, 1998 and 1997, and March 31, 1999. Does the minister responsible have an opening statement, and would he please introduce the officials in attendance from Venture Manitoba Tours Ltd.?

Hon. Oscar Lathlin (Minister responsible for Venture Manitoba Tours Ltd.): I really do not have any opening remarks to make. I just want to introduce the members of the board: the president and CEO, Jim Baker; another board member, Bob Sparrow.

Mr. Chairperson: Thank you. Does the critic from the official opposition party have an opening statement?

An Honourable Member: No.

Mr. Chairperson: No statement from the critic of the official opposition.

Are there any statements from the officials or any comments from the officials of your department?

Mr. Bob Sparrow (Chief Executive Officer, Venture Manitoba Tours Ltd.): We do actually have for the members just a snapshot of the financial condition of the corporation over the last seven years that might be useful for you to look at for comparison purposes rather than going through each year separately. So, if you like, I will just circulate those to you.

You will notice that a significant change over the last time when we presented to a standing committee occurred in '96-97 when we assumed the management of the Falcon Lake Golf Course, which is now included, and of course has contributed to the financial performance of the corporation. You will also note with respect to the net income and the improvements over the years in the cash flows and net income up to year ending 1999, basically over the last seven years we have gone from a \$662,000 after interest and depreciation loss to a net profit of \$226,000 ending March '99.

* (1340)

Mr. Chairperson: Thank you very much, Mr. Sparrow. Any questions, Mr. Reimer?

Mr. Jack Reimer (Southdale): I do not have a question so much about the statement here other than if you could give us a little bit of an update as to what has transpired in the last little while in regard to—I believe there was a problem with food up there, up at Hecla. The place is closed. Is the place open again?

Mr. Sparrow: It is not open at this time. There is no indication as to the cause of the illness that occurred amongst a number of individuals who were present at the resort. It has not been determined whether it is food or water or something else in the environment. Manitoba Environment is still investigating; it is ongoing. The resort was closed down voluntarily by the management of the resort pending the report of Manitoba Environment.

An Honourable Member: Is it still closed?

Mr. Sparrow: Yes, it is.

An Honourable Member: Just put it on the record.

Mr. Reimer: I just wanted to know whether it was still closed, that is all.

Mr. Sparrow: Yes, it is.

Mr. Edward Helwer (Gimli): I have a question, I guess, to Mr. Sparrow or the minister, and this is regarding some of the staff problems that you have had at the Hecla resort. I understand that there have been some resignations there recently. I happen to have a copy of a letter that was one of two, one of the staff members that resigned there. It reads: For a period of one year effective February 3, 2000, you will not be allowed on the premises of Gull Harbour Resort and Conference Centre.

I just want to know if this is a policy of the hotel management or of the Venture Manitoba Tours. Is this how they treat staff when they resign or leave their employ there?

Mr. Chairperson: Mr. Dewar, before Mr. Sparrow responds, do you have a point?

Point of Order

Mr. Dewar: What we have before us here, we are dealing with the Annual Report of Venture Manitoba Tours, which expired at the end of March 1999. I think if the members opposite want to raise issues, and we have allowed Mr. Reimer to discuss the current situation up there because we think it is of significant public importance, but under the strict mandate of our committee we are, I believe, Mr. Chairperson, dealing with the annual report which expired at the end of March 1999, nothing beyond that. I ask you to rule on that, please.

Mr. Marcel Laurendeau (St. Norbert): On the same point of order, Mr. Chairperson, for many, many years now I have sat at this table on the government side. I brought that same point of order up a number of times when that same member was in opposition, and each and every time the Chair ruled that the question was in order because it was dealing with the matter that was before us, and that was the committee or Venture or MPIC.

At no time was it ever ruled out of order in the past, and I would not expect it to be ruled out of order at this time.

Mr. Chairperson: I think Mr. Laurendeau has a point of order. I think if this committee wants a more far-ranging discussion, then I think we have to agree as a committee to do that, but I think we are straying perhaps from the very narrow mandate that we embarked upon right from the start.

Does the committee wish to broaden it to these general kinds of discussions? [agreed] Is it the will of the committee then that we continue with these fairly broad-ranging discussions? [agreed] So are we then dealing with the reports separately, or are we dealing with them as a group? Globally? [agreed]

* * *

Mr. Chairperson: Mr. Helwer, you had a question?

Mr. Helwer: Yes, I would just like to get back to the question that I asked. I think Mr. Sparrow was about to answer it, so I will let him carry on.

Mr. Sparrow: No, there is no policy with respect to that. Let me make it clear that I am the chair of the corporation. The board has a policy to be not involved in the day-to-day operations of the resort as it may apply to human resource issues and so forth. That is up to the general manager and CEO of the corporation to deal specifically with those issues, but there is not a general policy with respect to not allowing anybody back on premise. There must be a reason behind that.

Mr. Helwer: Just further on this question, it appears odd, though, that the board would not be involved in this or that it would be a management decision as to why former staff would not be allowed on the premises. It seems a very unusual way for a company to deal with staff. I am really concerned with this issue.

Mr. Sparrow: There are also union issues and so forth here that, again, I do not want to get into. I am not sure it is fair to that individual to get into the exact cause of the termination and so forth. I do not think we should be bringing that forward here, in all due respect to that employee, as to why she was terminated exactly.

Mr. Schuler: Mr. Chairman, if I may, through you to the corporation, I look at the '99-2000 income, and I think that is a projected. It seems to be in both cases under, that is Hecla Golf Course, right, as compared to Falcon Lake Golf Course, that your total revenue seems to be off in '99-2000. Can you speculate why that might be? [interjection] Yes, revenue, income.

Mr. Sparrow: This is a projection for the year ending March 2000. This goes up to I believe it is September of '99. These are the actual results.

Mr. Schuler: When you look at it, your revenue is down from the year previous. What might that have been?

Mr. Sparrow: Weather, particularly at Falcon Lake, many closures to this last summer.

Mr. Chairperson: May I please ask the committee members to direct their questions and their answers through the Chair? Thank you.

Mr. Schuler: Because then I look at the expenses and, again, this is the first time I have had a chance to look at them—

Mr. Chairperson: Mr. Schuler.

Mr. Schuler: Yes, through you, Mr. Chairman.

Mr. Chairperson: Okay. Thank you, Mr. Schuler. You have a question, Mr. Schuler? Go ahead.

Mr. Schuler: I look at the expenses and yet the expenses are up. So your total revenue if you look at it—Mr. Chairman, if I may, through you, total revenue is down and yet your expenses seem to be going up. Could the corporation just comment why it is that our expenses keep going up, yet our revenue seems to be dropping?

* (1350)

Mr. Sparrow: Would you be specific with respect to the numbers you are using? Would you please list what you are talking about?

Mr. Schuler: Mr. Chairperson, '99-2000, the last category, Mr. Chairman, runs in the far right-hand side of the page. If you follow down that column, if you look at Hecla Golf Course, you would see that it says under—I would take it that would be the total of \$826,118. That is a definite decline from the year previous. If you look at Falcon Lake Golf Course you would see that the same occurred, that there was a drop in revenue.

Yet if you look at your departmental expense, your departmental expense went up and your operating expense went up. I was just wondering if the corporation wanted to comment on that one.

Mr. Jim Baker (Director of Finance, Venture Manitoba Tours Ltd.): The numbers that I hear you quoting are the Hecla Golf Course under the Projected column of \$826,000, and you are comparing that to \$855,000 for the year completed '99. The projected numbers are pretty much the final numbers, other than some minor ongoing expenses because the golf season is over.

The revenues, as Mr. Sparrow explained, have very much to do with the weather. The expenses are in Falcon Lake's situation \$996,000 versus \$1.055 million. So you are saying those expenses are going down? My reply to that is that the expenses are in relation to the revenues and that there is not anything unusual there.

Mr. Schuler: If you look under the Falcon Lake Golf Course, Mr. Chairman, underneath Confectionery there is a line that is drawn, and underneath the \$996,000 I would surmise would be the total revenue for the Falcon Lake Golf Course. That is the assumption I am living under.

Mr. Baker: I am sorry. I was looking at the wrong numbers previously. That \$996,000 is the revenue from Falcon Lake. The \$826,000 is the revenue from Hecla. The expenses of those two properties are in the departmental expenses and the operating expenses. So those numbers are less in the '99-2000 year because of the weather.

Mr. Schuler: Mr. Chairman, basically what I am getting at is that we have seen a decline in revenue, yet we have seen an increase in expenses. Should this become a pattern I guess my question should be: has the corporation looked at that and are they willing to deal with that, that the corporation does not continue to run an increasing deficit? That was basically what I was trying to get at.

Mr. Baker: Just further to that, in the golf operations as apart from the room operation and the food, beverage and conference and the like, we are very satisfied that the expenses for the past year are in line with the revenues. Unfortunately we have fixed expenses and if the weather does not co-operate—in the previous two years we had probably the best weather for golf in Manitoba.

We have done our projections for the year ending '01 based on an estimate of playable days, but if you look at the ending results for the previous two years, certainly it reflects the better weather and a significant contribution of the golf courses to the overall operation.

Mr. Schuler: Mr. Chairman, the speaker brought up a very interesting point. That is that

the rooms certainly seemed to be bringing in more revenue, yet the golf courses seemed to be dropping in revenue, yet we have no idea which of the expenses belong to which of the operations. So for us that would be very difficult to know if in fact we are making more income off of the resorts as compared to the two golf courses because we do not know which of the expenses to attribute.

Mr. Chairman, perhaps the corporation could just comment on that.

Mr. Sparrow: We are basically providing the information that we have provided over the last four years when we have attended the standing committee. That is probably a little more than we normally have, but this is standard. You have more information today than you have ever had in the last three times I know that I have appeared before this committee. That just seems to be the precedent. Unless we are directed otherwise, we would release that information.

Mr. Schuler: I guess then you sort of take a global look, and you start at '92-93. At the Net Income you see that there was a loss of \$662,000. With a small variation that has worked its way down until '97-98, and there was a surplus of \$104,000; '98-99, we see a surplus of \$226,000; but then in '99-2000, we see, I would have to say, quite a radical drop down to \$3,318. That is where I am getting to with all my questions.

Is the corporation looking at this and saying that perhaps we should be looking at cutting some of our expenses, because our expenses keep increasing, and yet in the end our net income has dropped substantially. I am sure the percentage to this is just horrific. Is the corporation, Mr. Chairman, looking at a game plan to deal with that? Because I am sure none of us would like to see the brackets behind next year's numbers.

Mr. Chairperson: Is this question directed to anyone in particular, Mr. Schuler?

Mr. Schuler: It is directed towards the corporation.

Mr. Sparrow: Again, in all fairness, I would hope that you would wait until March 2000

when we deal with our year-end and see exactly where we are. It may be better than this. We are dealing with '98-99. That is a projection. It is not a firm number. If you look at the bottom line and see the way that this corporation has turned around in the last six years to the tune of almost a million dollars, I think maybe you should focus on that more so than something that might happen or may not happen.

An Honourable Member: There is one more question.

Mr. John Loewen (Fort White): It is not necessarily a question, but a comment directed through you to the Chairman. I would just like to offer my congratulations to you and your volunteer board, who get some stipend, but not nearly enough for the amount of expertise you bring to the table, for the job you have done in the last number of years in turning this organization around. I hope that you will see fit to continue, you and your board, to do the creditable work that you are doing. Congratulations, and please pass that along to your board members.

Mr. Chairperson: Are there any further questions?

Financial Statements of Venture Manitoba Tours Ltd. for the years ended March 31, 1997 and '96-pass; Financial Statements of Venture Manitoba Tours Ltd. for the years ended March 31, 1998 and 1997-pass; Financial Statements of Venture Manitoba Tours Ltd. for the year ended March 31, 1999-pass.

Manitoba Lotteries Corporation

Mr. Chairperson: The next set of reports to be considered are the Annual Reports of the Manitoba Lotteries Corporation for the years ended March 31, 1996, '97, '98 and '99. Does the minister have an opening statement? Would she please introduce the officials in attendance from the Manitoba Lotteries Corporation.

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): Yes, Mr. Chair, I do have an opening statement.

Good afternoon, everybody. I would like to take this opportunity to introduce two employees of the Manitoba Lotteries Corporation: Mr. Peter Hak, senior vice-president and chief operating officer, who is on my immediate left; Mr. Brian Stepnuk, who is on Mr. Hak's left. Mr. Stepnuk is vice-president of finance and administration.

I appreciate the opportunity to speak to you today on the reports that are before us. Since March 31, 1996, the Manitoba Lotteries Corporation revenues have been in the area of \$215.9 million to \$227.4 million. The most current annual report before us today shows revenues earned at \$225 million.

The Manitoba Lotteries Corporation is responsible for the management and operation of gaming activities in Manitoba. Its mandate is to provide high-quality gaming-related entertainment and service to the public, while generating long-term economic benefits to the people of Manitoba. Since 1995-96, a number of changes have taken place in the gaming industry.

During 1995, an independent lottery policy working group was appointed to review gaming in Manitoba. One of the recommendations of the review was the establishment of the Manitoba Gaming Control Commission which became operational in 1997. The commission is responsible for the licensing, registration and regulation of gaming in Manitoba. As well, it is responsible for First Nations gaming, the overall integrity of gaming, monitoring its social and economic impacts and providing policy advice to government.

* (1400)

During the past four years, a number of other changes had taken place as result of the Lotteries policy review. These changes included the exclusion of lifestyle advertising, limiting the view of video lottery terminals by minors and a reduction of 650 VLTs in the marketplace.

In 1997, another review was implemented by Price Waterhouse to examine Winnipeg's casinos in light of the competitive nature of the gaming industry across Canada. The Price Waterhouse report recommended the closure of

the Crystal Casino and the consolidation of that operation with McPhillips Street Station and Club Regent. The Crystal Casino closed in July 1999 and the expansions to the other casinos were available to the public in July 1999. McPhillips Street Station and Club Regent Casinos are now tourist destination properties offering live entertainment, full-service restaurants and special attractions.

Gaming is an attraction that creates incremental tourist visits. In 1999, 600 bus tours visited the casinos with an estimated economic impact of \$17 million. This year, it is expected that 1,000 group tours will visit the casinos. A July to January comparison of this year over the previous years shows that since the new amenities have been added to the casinos, there has been a 33 percent increase in tourism visitation days, and the number of group tours has risen from 269 to 440.

Now that the expansions are complete, this government is committed to focus on existing operations of the Manitoba Lotteries Corporation, the fair distribution of gaming revenue, as well as ensuring that adequate funding is provided to the Addictions Foundation of Manitoba.

The Manitoba Lotteries Corporation employs approximately 1,900 people directly. Approximately 10,000 customers per day visit the casinos. It is our responsibility to ensure that the corporation is providing the best possible services to its employees, to its customers and to the people of Manitoba.

I want to close my remarks with a few words on a matter of importance to Manitoba Lotteries. On January 7, 2000, I appointed a new board to replace the existing one whose terms had expired. After that time, the Provincial Auditor, having received a number of complaints from employees and members of the public, decided to launch an audit within the Manitoba Lotteries Corporation. The Auditor intends to complete his work by mid April.

Because some of the concerns taken to the Provincial Auditor were human resource issues, the Auditor took them to the new board, who then decided to launch their own organizational

review. The board's organizational review will examine issues of staff morale, equity and fairness in the workplace, harassment prevention, internal communication, conflict resolution processes and other factors affecting the work environment. The review will involve Lotteries employees and be conducted by an independent co-ordinator who will direct a team of human resource specialists from a variety of departments. Completion is scheduled for mid May.

I raised these matters today because I felt that, in reviewing Lotteries, this committee should at least be aware of these ongoing investigations. But let me be clear on two things: There has been no allegation of anything irregular with Lotteries games or with the handling of gaming cash; secondly, the ultimate goal of these investigations is to ensure the integrity of Manitoba Lotteries.

I am unable to comment in any detail on either of the ongoing investigations. To do so would be to compromise the work of the Auditor and the review group and would be unfair to Lotteries staff. If there are any questions, I would be pleased to answer them. Thank you.

An Honourable Member: One question.

Mr. Chairperson: Thank you, Madam Minister. Does the official critic—no, the critic does not have anything.

An Honourable Member: Yes, he does.

Mr. Chairperson: Oh, you do. Okay, go ahead. We do have an official critic. [interjection] I asked you. You said you did not. I said: do you have something; you said: no.

Mr. Reimer: The minister mentioned an internal audit. Is this audit just of the Lotteries Corporation itself, or does it extend out into the gaming licences that are in other areas that the Manitoba Lotteries oversees?

Ms. McGifford: Mr. Chair, the audit is of the Manitoba Lotteries Corporation itself.

Mr. Chairperson: Mr. Reimer, before you proceed, are you making a statement or are you already into the question period?

Mr. Reimer: I have no opening comments other than I was going to go right into the questions.

So to clarify in my mind, there is no ongoing audit of the existing licences other than what is within what you are talking about just in the corporation. So the licences that are extended off into the reserve communities, there is no audit extended into those areas also, is there?

Ms. McGifford: Thank you for the question. My staff tell me that the Gaming Control Commission does audits of the licensees.

Mr. Reimer: But they are not in partnership with what you have just outlined in regard to the audit that you are now conducting within the Lotteries Corporation?

Ms. McGifford: That is correct. They are not.

Mr. Reimer: The audit that is done by the Manitoba Lotteries Commission in the 15 First Nations sites, are they done on a yearly basis?

Ms. McGifford: Once again, I would like to inform the member that that falls under the mandate of the Manitoba Gaming Control Commission.

Mr. Chairperson: Mr. Reimer, before I recognize you, I think perhaps we need to deal the question, and we have alluded to it certainly earlier, whether we want to deal with these reports globally or individually. Do I have some sense of the committee which way they wish to go?

An Honourable Member: Globally.

Mr. Chairperson: Globally. Agreed and so ordered.

Mr. Reimer: So then there is no jurisdiction over the VLTs on the 15 First Nation sites that the Manitoba Lotteries has VLTs involved with. Is this right?

Ms. McGifford: Mr. Chair, the involvement of the Manitoba Lotteries Corporation is that we maintain those machines, we fix them, we look after them.

Mr. Laurendeau: I have one question that I picked up from the minister's statement when she said the board members had all expired. Did all the board members expire at once or did the minister put out an edict for their resignation as other ministers did in other areas?

Ms. McGifford: Well, Mr. Chair, I cannot begin to comment on all other ministers, but I can address the specific question. Yes, all board appointments expired on January 7, 2000.

An Honourable Member: Pass.

Mrs. Bonnie Mitchelson (River East): Mr. Chairperson, so the appointments took effect after January 7, the new appointments?

Ms. McGifford: The new appointments were made on January 7, 2000.

* (1410)

Mr. Chairperson: Are there any further questions?

March 31, 1996, Annual Report of the Manitoba Lotteries Corporation—pass; March 31, 1997, Annual Report of the Manitoba Lotteries Corporation—pass; March 31, 1998, Annual Report of the Manitoba Lotteries Corporation—pass; the March 31, 1999, Annual Report of the Manitoba Lotteries Corporation—pass.

Communities Economic Development Fund

Mr. Chairperson: We will now proceed to consideration of the annual reports of the Communities Economic Development Fund for the years ended March 31, 1998, and March 31, 1999. Does the minister responsible have an opening statement, and would he care to introduce the officials in attendance? Okay, the minister does have an opening statement.

Hon. Eric Robinson (Minister charged with the administration of The Communities Economic Development Fund): I am very

pleased to present the annual reports of the Communities Economic Development Fund for the years ended March 31, 1998 and 1999. I do believe that both have been distributed to members.

Attending the fund and with me this afternoon are Mr. Harold Westdahl to my extreme left, the chairperson of our board, and Mr. Gordon Wakeling, the general manager and CEO. Together with the chairperson and the CEO, we will be responding to any questions by members opposite of the reports that are being tabled today.

It is the 28th and 29th years of operation for the economic development fund. The fund continues to play a very important role in developing the economic lives of many people in northern communities. In delivering on its mandate to encourage economic development, the fund delivers about two programs currently. First of all, we have a business loan program, addressing the needs of small businesses, and the fisheries loan program, a program specifically for commercial fishermen or fishers. The fund itself maintains offices in Thompson, and we have field offices in Swan River, The Pas, Gimli, as well as Winnipeg.

Recognizing that the periods in question occurred under the previous administration and having recently assumed responsibility for this program, I nonetheless commend the staff for their effort. During the period in question the fund has processed over 1,500 loan applications in its two programs, approving over \$14 million in loans. Loan recovery rates remain high.

Our government is committed to northern development issues. I hope that the fund can continue to provide a source of capital to assist northern entrepreneurs in achieving their goals and improving the lifestyles of our people in northern communities.

Mr. Chairperson, we are prepared at this time, through you and to myself and to our staff, to field any questions that members opposite may have.

Mr. Chairperson: Thank you, Mr. Minister. Does the critic from the official opposition party have an opening statement as well?

Mr. Loewen: Very briefly, just to echo the minister's statements and, as well, our commendations to the staff for a job well done.

Mr. Chairperson: I thank the critic for the official opposition for that brief statement. Do the officials from your department have a statement, Mr. Minister? No statements.

How does the committee wish to proceed with the reports of the Communities Economic Development Fund? Shall the reports be discussed separately or together?

Some Honourable Members: Together.

Mr. Chairperson: Together. The reports then shall be discussed together. The floor is now open for questions. Are there any more questions? Okay, there are no questions.

March 31, 1998, Annual Report of the Communities Economic Development Fund—pass; March 31, 1999, Annual Report of the Communities Economic Development Fund—pass.

Manitoba Development Corporation

Mr. Chairperson: The next set of reports before the committee are the annual reports of the Manitoba Development Corporation for the years ended March 31, 1998, and March 31, 1999. Does the minister responsible have an opening statement? Would she please introduce the officials in attendance from the Manitoba Development Corporation?

Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines): Mr. Chairperson, yes, I would be glad to. Sitting as representatives of the corporation are Mr. Jim Kilgour from the Department of Industry, Trade and Mines and Mr. Hugh Eliasson, who is sitting directly to my left, who is presently the deputy minister of Industry, Trade and Mines. He will be with us shortly.

I would like to make an opening comment, and I am confident that the deputy minister will be with us very shortly.

The Manitoba Development Corporation, MDC, is a separate Crown corporation that

operates according to their own by-laws and their own act of the Legislature called The Development Corporation Act. There are two parts to this act under MDC: Part I, the activities undertaken at the initiative of MDC on their own; while Part II activities require approval of the Lieutenant Governor in Council by OIC.

MDC's operations under Part I focused on lending just like a bank. These were suspended by cabinet effective November 15, 1977, and are now limited to collecting loans issued prior to that point 1977, and issued under Part II. All of MDC's current operations are authorized by Part II of the act. Under Part II, MDC provides services to the Department of Industry, Trade and Mines as an agent of government with respect to the review, disbursement, monitoring and collection of departmental program capital loans and investments.

These same services are also offered to other departments such as Finance, Intergovernmental Affairs and Culture, Heritage and Tourism.

In 1992, a review of MDC was made, and it was determined that because all activities now must be approved by OIC, its activities would be handled by the Department of Industry, Trade and Mines. It was assigned to Financial Services branch to operate it. MDC currently operates with a board of directors of three senior government officials, who oversee the operations of the corporation. The Minister responsible for the corporation is the Minister of Industry, Trade and Mines. The deputy minister is the chairman of the board of directors. The two other board members were the secretary to the Economic Development Board and the assistant deputy minister, Industry branch, who also served as an officer of the corporation in the capacity of general manager. The other officer of the corporation is the director of Financial Services, who is the secretary treasurer.

No new activities were performed under Part I of the act, except to continue collecting investments made prior to 1997. One investment remains to be collected. It is a loan to the parent company of Centennial Wire Products, secured by the company's land and buildings at 6 Otter Street in Fort Garry. No allowance for this loan is required.

That concludes my comments. Thank you, Mr. Chairman.

Mr. Chairperson: Thank you, Madam Minister. Does the critic from the Official Opposition Party have an opening statement?

An Honourable Member: No, Mr. Chairman.

Mr. Chairperson: Okay, thank you. We now invite the officials in attendance for the Manitoba Development Corporation to make a statement if they so wish. They have no statement. How does the committee wish to proceed with the reports of the Manitoba

Development Corporation? Shall the reports be discussed separately or together?

Some Honourable Members: Together.

Mr. Chairperson: Together. The reports shall be discussed together. Okay, the floor is now open for questions. Are there any questions?

March 31, 1998, Annual Report of the Manitoba Development Corporation—pass;
March 31, 1999, Annual Report of the Manitoba Development Corporation—pass.

Committee rise.

COMMITTEE ROSE AT: 2:19 p.m.